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**Acme Electric in Lumberton Uses Six Sigma
To Save \$200,000 and Free Up \$1 Million in Cash the First Year – And
That’s Just the Beginning**

Acme Electric Corp. became the largest producer of electrical transformers in the country by continuously improving their products and processes. Yet even this cutting-edge company was surprised at what Six Sigma could do for them in just one year.

Acme Electric Corp. expects to save \$200,000 and free up \$1 million in cash in its Lumberton facility as a result of Six Sigma projects that ended in 2004. And the potential for another \$1 million in savings is expected from continuing Six Sigma projects, said Rodger Fulbright, operations manager.

Fulbright credits the impartiality of Six Sigma. “It’s taken a lot of the subjectivity out of our business—the personalities,” he said. “Now we let the data take you to the solution.” The Six Sigma software toolbox uses data to increase standardization and minimize mistakes.

The management team at Acme Electric attended a Six Sigma overview two years ago offered by the Industrial Extension Service (IES) of North Carolina State University. Six Sigma was the next logical step for the company, Fulbright said. Like other manufacturers, Acme Electric was facing intense competition brought on from globalization. Customers had little tolerance for failures of any type. Top management and stockholders recognized the high cost of poor quality. And Acme Electric’s customer base began demanding Six Sigma.

Employees were selected for both black belt and green belt training. Black Belt training took place on the Centennial Campus of N.C. State University while two groups of Green Belts were trained by NCSU personnel at a local community college. Six Sigma project applications came from the processes on the floor of Acme Electric.

Projects were started in 2003 and completed in 2004: inventory reduction, reduction of product testing, set-up reduction, a pricing proposal, a reduction in choke and reactor rework, and increased inventory accuracy. Together, the savings from these projects will total \$200,000 the first year.

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Then there are those intangibles difficult to measure in dollars. For example, customer complaints for recurring defects are down as a result of failure mode effect analysis teams and final test first-pass-yield has improved, resulting in less rework and scrap.

Throughout the process, weekly Six Sigma meetings were held at the Lumberton plant to share progress and problems, and an advisor from N.C. State attended each one.

The 215 employees in the Lumberton plant make 1,500 different products, with 95 accounting for most of their sales. These A products can be shipped on the same day an order is received before 11:30 a.m. B items can be shipped in less than three days. The rarer C items take a little longer: “We tell them 30 days and ship it in 10,” Fulbright said.

There also has been a change in the company’s business climate. People now use the objective, data-driven tools of Six Sigma to reach an objective fact-based opinion instead of a personal opinion. Assumptions and best-guesses are eliminated.

“We’ve identified talented employees through this process,” he said. And he credits several from N.C. State for Acme’s success, most especially Dr. Roy Johnson, a Six Sigma expert from the College of Textiles, and IES specialists Bill Coddington and Jim Daggerhart.

Celebrating its 50th anniversary in 2005, the Industrial Extension Service was created in 1955 by act of the North Carolina General Assembly and placed within the College of Engineering at North Carolina State University. IES is the oldest service of its kind in the nation. Since 2000, IES has returned more than \$469 million in direct annual gain to the state, either in jobs saved or profits made, as reported by the clients served. IES provides expertise in lean manufacturing, quality initiatives and energy savings through education, training and technical assistance.